GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

STARRED QUESTION NO:234
ANSWERED ON:08.08.2006
COOPERATIVE SPINNING MILLS
Mahtab Shri Bhartruhari

Will the Minister of TEXTILES be pleased to state:

(a) whether certain co-operative spinning mills in the country, particularly in Orissa, have been closed down on falling sick;

(b) if so, the details thereof;

(c) whether the Government proposes to privatize these mills;

(d) if so, the details thereof ; and

(e) the steps taken for their revival along with the details of the mills that have been revived during last three years?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) to (e)

: A Statement is laid on the Table of the House.

THE STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 234 REGARDING COOPERATIVE SPINNING MILLS FOR ANSWER ON 08.08.2006

(a) to (e) : As on 30th June 2006, in the co-operative sector 70 spinning mills in the country and 5 spinning mills in the state of Orissa were closed. The co-operative sector mills are under the purview of respective State Governments and the decision regarding their privatization is to be taken by their management or by the concerned State Governments. The Union Government tries to create a conducive atmosphere for the industry through its policy measures. In the recent past the following important measures have been taken by the Union Government for the textile sector including the co-operative textile sector:-

To improve productivity and quality of cotton for manufacture and export of competitive downstream textile products, Government has launched the Technology Mission on Cotton (TMC).

The Technology Upgradation Fund Scheme (TUFS) was launched to facilitate the modernisation and upgradation of the textile industry both in the organised and unorganized sector.

For speedy modernisation of the textile processing sector, Government has introduced w.e.f. 20.04.05, a credit linked capital subsidy scheme @10% under TUFS, in addition to the existing 5% interest reimbursement.

To provide the textile industry with world-class infrastructure facilities for setting up their textile units meeting international environmental and social standards, a Public-Private Partnership (PPP) based Scheme known as the "Scheme for Integrated Textile Park (SITP)" has been introduced in July 2005.

In 2004-05 Budget, the entire textile sector, except for man-made fibre and filament yarn was provided optional exemption from excise duty.

To facilitate import of state of the art machinery to make our products internationally competitive in post quota regime, in 2005-06 Budget, the customs duty on textile machinery had been brought down to 10% except 23 machinery appearing in List 49 which attracts Basic Customs Duty (BCD) of 15%. The concessional duty of 5% continues to be at 5% on most of the machinery items.

#In the Current Budget (2006-07), with a view to making textile industry more competitive:-

Import duty on raw materials such as DMT, PTA and MEG has been reduced from 15% to 10% and for paraxylene from 5% to 2%.

CENVAT on all man made fibre and yarn has been reduced from 16% to 8% and import duty on all man made fibre and yarns from 15% to 10%.

The peak rate of ad-valorem component of customs duty for all non-agricultural products including textiles has been reduced from 15% to 12.5%.

Special CVD of 4% has been extended to all goods in order to counter balance various internal taxes like sales tax and VAT and to provide a level playing field to indigenous goods which have to bear these taxes. However, fabrics are exempted from this levy.

Government has launched the Debt Restructuring Scheme w.e.f. Sept., 2003 with the principal objective to permit banks to lend to the textile sector at 8-9% rate of interest.

Government has allowed 100% Foreign Direct Investment in the textile sector under automatic route.

Government has de-reserved the readymade garments, hosiery and knitwear from SSI sector so that large scale investments may be encouraged in these sectors.

The National Cooperative Development Corporation (NCDC) has a Scheme for rehabilitation of sick co-operative spinning mills in the shape of a package under which NCDC provides loan assistance to the extent of 70% of the rehabilitation cost to the State Governments for participating in the equity as well as providing term loan for the rehabilitation of the sick cooperative spinning mills.